

**THE JOHN HOWARD SOCIETY OF CANADA
FINANCIAL STATEMENTS
AS AT MARCH 31, 2017**

**THE JOHN HOWARD SOCIETY OF CANADA
TABLE OF CONTENTS
AS AT MARCH 31, 2017**

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenue and Expenditures and Fund Balances	4
Statement of Cash Flows	5
Notes to Financial Statements	6-10
Schedule A - Statement of Operating Fund Revenue and Expenditures	11

INDEPENDENT AUDITOR'S REPORT

To the Members of
The John Howard Society of Canada

Report on the Financial Statements

We have audited the accompanying financial statements of The John Howard Society of Canada, which comprise the statement of financial position as at March 31, 2017 and the statements of revenue and expenditures and fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, The John Howard Society of Canada derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of The John Howard Society of Canada and we were not able to determine whether, as at and for the years ended March 31, 2017 and March 31, 2016, any adjustments might be necessary to donations revenue, excess of revenue over expenditures, assets and fund balances.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of The John Howard Society of Canada as at March 31, 2017, and its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

KINGSTON, Canada
September 22, 2017

Wilkinson & Company LLP
Chartered Professional Accountants
Licensed Public Accountants

**THE JOHN HOWARD SOCIETY OF CANADA
STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2017**

March 31, 2017

	Operating Fund \$	Senator Hastings Fund \$	Total \$	March 31 2016 Total \$
ASSETS				
CURRENT				
Cash	38,456	27,779	66,235	125,682
Short-term investments - Note 3	143,727	235,645	379,372	375,404
Accounts receivable	50,090		50,090	16,512
Prepaid expenses	3,559		3,559	10,170
	<u>235,832</u>	<u>263,424</u>	<u>499,256</u>	<u>527,768</u>
TANGIBLE CAPITAL ASSETS - Note 4	<u>43,622</u>		<u>43,622</u>	<u>48,214</u>
	<u>279,454</u>	<u>263,424</u>	<u>542,878</u>	<u>575,982</u>
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	35,864		35,864	18,793
Deferred revenue - Note 5	124,923		124,923	179,066
	<u>160,787</u>		<u>160,787</u>	<u>197,859</u>
FUND BALANCES				
Internally restricted		263,424	263,424	259,456
Investment in capital assets	43,622		43,622	48,214
Unrestricted	75,045		75,045	70,453
	<u>118,667</u>	<u>263,424</u>	<u>382,091</u>	<u>378,123</u>
	<u>279,454</u>	<u>263,424</u>	<u>542,878</u>	<u>575,982</u>

APPROVED ON BEHALF OF THE BOARD

Janis M. Keith Director

[Signature] Director



The accompanying notes form an integral part of these financial statements

THE JOHN HOWARD SOCIETY OF CANADA
STATEMENT OF REVENUE AND EXPENDITURES AND FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2017

	2017		Total \$	2016 Total \$
	Operating Fund \$	Senator Hastings Fund \$		
REVENUE				
Donations	216,502		216,502	215,030
Grant - Ministry of Public Safety:				
- Provincial allocations	337,871		337,871	337,871
- Administration	93,477		93,477	99,034
- Travel pool	70,000		70,000	70,000
- Projects	60,158		60,158	17,142
Interest	9	3,968	3,977	7,256
Member assessments - Note 6	1,100		1,100	1,100
Other income	397		397	388
	779,514	3,968	783,482	747,821
EXPENDITURES				
Bank charges and interest	27		27	650
Dues and subscriptions	1,090		1,090	1,874
Equipment and computer	8,708		8,708	4,615
Grants to provincial societies - Note 7	337,871		337,871	337,871
Insurance	4,377		4,377	4,364
Mail campaign	39,097		39,097	42,999
Occupancy	9,622		9,622	9,372
Office supplies and expenses	22,403		22,403	20,387
Project costs	61,915		61,915	27,907
Professional fees	17,438		17,438	19,742
Publications	470		470	821
Salaries and employee benefits	193,589		193,589	191,076
Telephone	1,911		1,911	2,053
Travel - general	2,021		2,021	3,765
- pool, board and AGM	69,115		69,115	64,242
- other	5,268		5,268	4,315
	774,922		774,922	736,053
EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR BEFORE AMORTIZATION	4,592	3,968	8,560	11,768
AMORTIZATION OF TANGIBLE CAPITAL ASSETS	4,592		4,592	4,592
EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR AFTER AMORTIZATION	NIL	3,968	3,968	7,176
FUND BALANCES - BEGINNING OF YEAR	118,667	259,456	378,123	370,947
FUND BALANCES - END OF YEAR	118,667	263,424	382,091	378,123

**THE JOHN HOWARD SOCIETY OF CANADA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2017**

	2017 \$	2016 \$
OPERATING ACTIVITIES		
Excess of revenue over expenditures for year	3,968	7,176
Adjustment for amortization of tangible capital assets which does not affect cash	4,592	4,592
	<u>8,560</u>	<u>11,768</u>
Net change in non-cash working capital balances related to operations - Note 8	(68,007)	6,015
CASH FLOWS PROVIDED FROM (USED IN) OPERATING ACTIVITIES	<u>(59,447)</u>	<u>17,783</u>
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS FOR YEAR	<u>(59,447)</u>	<u>17,783</u>
CASH AND EQUIVALENTS - BEGINNING OF YEAR	<u>125,682</u>	<u>107,899</u>
CASH AND EQUIVALENTS - END OF YEAR	<u>66,235</u>	<u>125,682</u>
REPRESENTED BY:		
Cash	<u>66,235</u>	<u>125,682</u>

The accompanying notes form an integral part of these financial statements

**THE JOHN HOWARD SOCIETY OF CANADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017**

1. NATURE OF OPERATIONS

The John Howard Society of Canada is incorporated in Canada as a not-for-profit corporation without share capital under the Canada Not-for-profit Corporations Act and is registered with the Government of Canada as a charitable organization. The corporation is an organization of provincial and territorial societies comprised of, and governed by, people whose goal is to understand and respond to problems of crime and the criminal justice system.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Outlined below are those accounting policies adopted by the organization considered to be particularly significant:

(a) Basis of accounting

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(b) Accounting Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include valuation of accounts receivable, and the estimated useful life of tangible capital assets. Actual results could differ from those estimates.

(c) Donated Services

The work of the corporation is dependent on the voluntary service of many individuals. Since these services are not normally purchased by the organization and because of the difficulty of determining their fair market value, donated services are not recognized in these financial statements.

(d) Fund Accounting

The accompanying financial statements include the activities of the organization for which the Board of Directors is legally accountable. In order to properly reflect its activities, the organization maintains its accounts in accordance with the principles of fund accounting in order that limitations and restrictions placed on the use of available resources are observed. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds in accordance with activities or objective specified.

The Operating Fund accounts for revenue and expenditures related to program delivery and administrative activities.

The Senator Hastings Fund was established by the Board of Directors as a contingency fund.

**THE JOHN HOWARD SOCIETY OF CANADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017**

2. ACCOUNTING POLICIES (Cont'd)

(e) Tangible Capital Assets

Tangible capital assets are stated at cost. Gains and losses on the sale of tangible capital assets are charged to operations in the year of disposal. Amortization of tangible capital assets, which is based on estimated useful life, is calculated on the following bases and at the rates set out below:

Asset	Basis	Rate
Computer equipment	Straight-line	3 years
Computer software	Straight-line	2 years
Building	Straight-line	25 years
Furniture and equipment	Straight-line	5 years

(f) Short-Term Investments

Investments are initially recorded at their acquisition cost. At the balance sheet date the investments are adjusted to amortized cost, and the corresponding income is recorded in the statement of revenue and expenditures.

(g) Cash and Equivalents

Cash and equivalents consist of cash on deposit and bank term deposits in money market instruments with maturity dates of less than three months from the date they are acquired.

3. SHORT-TERM INVESTMENTS

Short-term investments consist of guaranteed investment certificates, bear interest at rates ranging from 1.35% to 1.97% and have varying maturity dates but may be liquidated in the short-term.

4. TANGIBLE CAPITAL ASSETS

	2017		2016	
	Cost \$	Accumulated amortization \$	Cost \$	Accumulated amortization \$
Computer equipment	26,265	26,265	26,265	26,265
Computer software	5,908	5,908	5,908	5,908
Building	114,795	71,173	114,795	66,581
Furniture and equipment	4,646	4,646	4,646	4,646
	<u>151,614</u>	<u>107,992</u>	<u>151,614</u>	<u>103,400</u>
Cost less accumulated amortization	<u>\$ 43,622</u>		<u>\$ 48,214</u>	

**THE JOHN HOWARD SOCIETY OF CANADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017**

5. DEFERRED REVENUE

The details of revenue received prior to the year end, that relate to activities in the subsequent fiscal year are as follows:

	2017 \$	2016 \$
Funds withheld and deferred to advance the 5 Point Plan	55,581	87,892
National Staff Conference		6,525
Grant allocations withheld and deferred for use by Society	63,667	62,612
Law for the Future Fund		15,300
Prison Co-operative Knowledge Transfer	5,675	6,737
TOTAL	124,923	179,066

6. MEMBER ASSESSMENTS

Details of the member assessments are as follows:

	2017 \$	2016 \$
Alberta	100	100
British Columbia	100	100
Manitoba	100	100
New Brunswick	100	100
Newfoundland	100	100
Northwest Territories	100	100
Nova Scotia	100	100
Ontario	100	100
Prince Edward Island	100	100
Quebec	100	100
Saskatchewan	100	100
TOTAL	1,100	1,100

**THE JOHN HOWARD SOCIETY OF CANADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017**

7. GRANTS TO PROVINCIAL SOCIETIES

Details of the grants to provincial societies are as follows:

	2017 \$	2016 \$
Alberta	36,222	36,222
British Columbia	55,468	55,468
Manitoba	19,100	19,100
New Brunswick	19,684	19,684
Newfoundland	13,681	13,681
Northwest Territories	11,854	11,854
Nova Scotia	16,854	16,854
Ontario	121,949	121,949
Prince Edward Island	11,869	11,869
Quebec	11,854	11,854
Saskatchewan	19,336	19,336
TOTAL	337,871	337,871

8. NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS

Cash provided from (used in) non-cash working capital is compiled as follows:

	2017 \$	2016 \$
(INCREASE) DECREASE IN CURRENT ASSETS		
Short-term investments	(3,968)	(7,176)
Accounts receivable	(33,578)	25,250
Prepaid expenses	6,611	(7,611)
	(30,935)	10,463
INCREASE (DECREASE) IN CURRENT LIABILITIES		
Accounts payable and accrued liabilities	17,071	790
Deferred revenue	(54,143)	(5,238)
	(37,072)	(4,448)
NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS	(68,007)	6,015

**THE JOHN HOWARD SOCIETY OF CANADA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017**

9. FINANCIAL INSTRUMENTS

The organization has a comprehensive risk management framework to monitor, evaluate, and manage the principle risks assumed with financial instruments. The risks that arise from transacting financial instruments are as follows:

(a) Interest Rate Risk:

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. The organization is exposed to interest rate risk through its interest bearing investments.

(b) Liquidity Risk:

Liquidity risk is the risk that the corporation will not be able to meet all cash outflow obligations as they come due. The corporation's exposure to liquidity risk is dependent on the receipt of funds from its operations.

(c) Credit Risk:

Credit risk is the risk of financial loss to the organization if a debtor fails to make payments of interest and principal when due.

The organization is exposed to credit risk in the event of non-performance by clients in connection with its accounts receivable. The organization does not obtain collateral or other security to support the accounts receivable subject to credit risk but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance.

There have been no significant changes from the previous period in the exposure to risk or policies, procedures and methods used to measure for risks.

10. PENSION PLAN

The organization is a participant in both a defined benefit and a defined contribution pension plan. The organization contributes, on behalf of each eligible employee, an amount of 12% of earnings. During the year the organization expensed \$15,136 of payments under these pension plan arrangements.

11. CAPITAL DISCLOSURE

The organization's objectives with respect to capital management are to maintain a minimum capital base that allows the organization to continue with and execute its overall purpose as outlined in the fund balances accounting policy in Note 2. The organization's Board of Directors performs periodic reviews of the organization's capital needs to ensure they remain consistent with the risk tolerance that is acceptable to the organization.

THE JOHN HOWARD SOCIETY OF CANADA
STATEMENT OF OPERATING FUND REVENUE AND EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2017

	Total \$	General Administrative \$	Fundraising \$	Travel Pool \$	National Staff Conference \$	Unallocated Funds \$	Pros and Cons \$	Prison Coop Knowledge \$	Other Projects \$
REVENUE									
Donations	216,502	62,957	120,499				32,163		883
Grant - Ministry of Public Safety:									
- Provincial allocations	337,871	337,871							
- Administration	93,477	89,970				3,507			
- Travel pool	70,000			70,000					
- Projects	60,158				25,070			1,061	34,027
Interest	9	9							
Member assessments	1,100	1,100							
Other income	397	397							
	<u>779,514</u>	<u>492,304</u>	<u>120,499</u>	<u>70,000</u>	<u>25,070</u>	<u>3,507</u>	<u>32,163</u>	<u>1,061</u>	<u>34,910</u>
EXPENDITURES									
Bank charges and interest	27	27							
Dues and subscriptions	1,090	1,090							
Equipment and computer	8,708	5,201				3,507			
Grants to provincial societies	337,871	337,871							
Insurance	4,377	4,377							
Mail campaign	39,097		39,097						
Occupancy	9,622	9,622							
Office supplies and expenses	22,403	22,285			101				17
Project costs	61,915				27,927		32,163	194	1,631
Professional fees	17,438	7,321							10,117
Publications	470	470							
Salaries and employee benefits	193,589	193,589							
Telephone	1,911	1,911							
Travel - general	2,021	379							1,642
- pool, board and AGM	69,115			69,115					
- other	5,268	300						867	4,101
	<u>774,922</u>	<u>584,443</u>	<u>39,097</u>	<u>69,115</u>	<u>28,028</u>	<u>3,507</u>	<u>32,163</u>	<u>1,061</u>	<u>17,508</u>
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE) FOR YEAR BEFORE									
AMORTIZATION	4,592	(92,139)	81,402	885	(2,958)	NIL	NIL	NIL	17,402